

MINUTES OF MEETING #412
BOARD OF TRUSTEES KENTUCKY RETIREMENT SYSTEMS
QUARTERLY MEETING SEPTEMBER 14, 2017 AT 10:00A.M.
1270 LOUISVILLE ROAD, FRANKFORT, KENTUCKY 40601

At the Quarterly Meeting of the Board of Trustees held on September 14, 2017, the following members were present: John Farris (Chair), John Chilton, William Cook, Thomas Elliott (non-voting), Kelly Downard, JT Fulkerson, David Gallagher, Vince Lang, Matthew Monteiro, Keith Percy, Betty Pendergrass, Mary Helen Peter, Jerry Powell, Neil Ramsey (arrived at 10:22 a.m.), David Rich, and Secretary Thomas Stephens. Staff members present were David Eager, Karen Roggenkamp, Erin Surratt, Rich Robben, Connie Davis, Connie Pettyjohn, Shawn Sparks, Katherine Rupinen, Joseph Bowman, Shaun Case, Ann Case, Brian Huffman, and Alane Foley. Also present were Larry Totten, Russell Wright, James Brannen, Raymond "Campbell" Connell, Gretchen Marshall, Glenda France, Cary Bishop, Sherry Kremer, Becky Stephens, Eva Smith-Carroll, Rebecca Heckler, Doug Price, Michael Kurtsinger, Pat Walsh, Pat Johnston, Paul Fitch, Tracey Garrison, Steve Starkweather, Kevin Wheatley, Tom Loftus, Michile Hill, Bryanna Carroll, Jim Carroll, Mark Iverson, Jerry Bailey, Fred Nett and Rose Nett.

Mr. Farris introduced agenda item *Approval of Minutes – July 12, 2017*. Mr. Chilton advised that a correction needed to be made to show the yes/no count for the motion to accept the Asset Allocation Policy recommendations should reflect fourteen (14) in favor and two (2) opposed. The minutes will be amended to show the correct number of votes. Sec. Stephens moved and was seconded by Mr. Rich to approve the minutes as typed after the numerical typo was corrected. The motion passed unanimously.

Mr. Farris took a moment to speak to the Board and meeting attendees to outline several accomplishments made by KRS staff and Board over the past year. He then introduced agenda item *Public Comment*. Mr. Jim Carroll made comments concerning the inviolable contract, Mr. Mark Iverson made comments concerning assumptions, and Mr. Jerry Bailey made general comments about how the retirement income affects families.

Mr. Farris introduced the new Trustee, Mr. David Gallagher. He provided a brief personal introduction. Ms. Alane Foley, as Notary, administered the Oath of Office to Mr. Gallagher.

Mr. Farris introduced agenda item *Employer Voluntary Cessation Approval; Kentucky Association of Children's Advocacy Centers*. Mr. Joe Bowman provided details regarding the cessation request. Ms. Mary Helen Peter moved and was seconded by Sec. Stephens to approve the cessation request. The motion passed unanimously.

Mr. Farris introduced agenda item *Retiree Health Care Committee Report and Recommendations*. Mr. Vince Lang acknowledged Tracey Garrison, Larry Loew and Carla Whaley who were present from Humana and then introduced Ms. Connie Pettyjohn to discuss the recommendations from the Health Care Committee. Ms. Jenny Goins also joined the conversation to answer questions presented by the Board. Mr. Lang moved and was seconded by Sec. Stephens to ratify the actions of the Retiree Health Care Committee. The motion carried with three (3) opposed; Mr. Gallagher, Mr. Rich and Ms. Pendergrass.

Mr. Farris introduced agenda item *Bylaws and Transparency*. Mr. Mark Blackwell provided a summary of the key revisions being recommended to the Bylaws. Mr. Rich moved and was seconded by Sec. Stephens to approve the recommended revisions. The motion passed unanimously.

Mr. Farris introduced agenda item *Conflict of Interest and Confidentiality Policy*. Mr. Mark Blackwell provided a summary of key revisions being recommended to the Conflict of Interest and Confidentiality Policy. Mr. Powell moved and was seconded by Mr. Chilton to approve the recommended revisions. The motion passed unanimously.

Mr. Farris called for a short recess.

Mr. Farris called the meeting back in session and introduced agenda item *Investment Committee Report and Recommendations*. Mr. Rich Robben provided an investment performance update to

the Board. The Investment Committee had approved two new investments, \$150 million with Benefit Street Partners and \$150 million with White Oak. The Investment Procurement Policy was sent to the Office of Finance and Administration on July 24, 2017, no additional comment having been made, the policy is now submitted to the Board for adoption. Sec. Stephens moved and was seconded by Mr. Cook to accept the Investment Committee's Recommendations. The motion passed unanimously.

Mr. Farris introduced agenda item *KERS Board Nominations*. Mr. Brian Huffman allowed the KERS nominees to stand and introduce themselves to the Board. There were ten (10) nominees present; Mary Helen Peter, Vince Lang, Larry Totten, Russell Wright, James Brannen, Raymond "Campbell" Connell, Gretchen Marshall, Glenda France, Cary Bishop and Sherry Kremer. Mr. Huffman then explained the voting process, each Board Member is allowed two (2) votes. There can only be six (6) potential candidates. Mr. Huffman then passed out the ballots to the Board Members for their votes. More than six (6) nominees received votes, the nominees that received no votes were removed from the ballot and the Board Members voted again. The second vote resulted in the same outcome, with seven (7) nominees receiving votes. Ms. Pendergrass moved and was seconded by Mr. Downard to take the top six (6) vote getters instead of taking all vote getters. The motion passed unanimously. The votes were calculated resulting in a first place, second place and five (5) nominees were tied for third place. Ms. Pendergrass moved and was seconded by Mr. Powell to place the five (5) tied nominees on the ballot and allow Members to cast two (2) votes. The motion passed unanimously. The Board voted again. The third vote resulted in a tie for the sixth available spot. Mr. Powell moved and was seconded by Ms. Pendergrass to allow the Board Members to cast one (1) vote between the two (2) nominees tied for the sixth spot. The motion passed unanimously. The Board voted again. The final six (6) nominees that will be on the ballot are: Vince Lang, Cary Bishop, Sherry Kremer, Mary Helen Peter, Larry Totten and Raymond "Campbell" Connell.

Mr. Farris introduced agenda item *Hazardous Position Request*. Ms. Roggenkamp provided details on several agencies that are requesting Hazardous Duty Coverage. Mr. Lang moved and was seconded by Mr. Powell to approve this Hazardous Duty Coverage request. The motion passed unanimously.

Mr. Farris introduced agenda item *Audit Committee Report*. Mr. Huffman provided an overview of items discussed at the Audit Committee meeting on 08/24/2017. Ms. Pendergrass moved and was seconded by Ms. Peter to ratify the actions taken by the Audit Committee on that day. The motion passed unanimously.

Mr. Farris introduced agenda item *Financial Statements*. Ms. Roggenkamp provided FY 2017 Financial Highlights and Cash Flow Analysis. This was provided for informational purposes only.

Mr. Farris introduced agenda item *KRS Update*. Mr. Eager provided a brief update on KRS, retirement rates, website enhancements and employee transitions. This was provided for informational purposes only.

Mr. Farris introduced agenda item *New Business, CERS Participation Approval*. Ms. Roggenkamp provided an overview of a CERS participation request. Mr. Rich moved and was seconded by Mr. Powell to approve the participation request. The motion passed unanimously.

Mr. Farris introduced agenda item *New Business, Other* and addressed the Board Members regarding the suspension of per diem payments during June 2016-March 2017. In specific regard to the committee members on Disability Appeals and Administrative Appeals Committees (DAC/AAC) as these members spend a considerable amount of time preparing for these meetings. It is a decision to be made by the Board to allow reimbursement to the Committee Members for this specific time frame. The Members are: Mr. Ed Davis, Mr. Vince Lang, Mr. Keith Percy, Mr. David Rich and Ms. Mary Helen Peter. The total reimbursement would be \$9,284.59. Mr. Ramsey moved and was seconded by Sec. Stephens to approve reimbursement in that amount to the above listed committee members. The motion passed unanimously.

Mr. Jerry Powell addressed the Board stating that he had prepared a resolution that he is requesting the Board consider. The resolution was then read aloud to the Board Members. Mr. Powell made a motion to adopt this resolution was seconded by Ms. Pendergrass. After further discussion, Sec. Stephens made a motion to amend the initial motion to state that KRS legal department will review

the resolution and advise the Board accordingly. This was seconded by Mr. Farris. The motion passed unanimously.

Mr. Farris introduced agenda item *Closed Session*. Mr. Rich moved and was seconded by Mr. Monteiro to enter closed session; the motion passed unanimously. Mr. Farris read the following statement and the meeting moved into closed session: A motion having been made in open session to move into a closed session for a specific purpose, and such motion having carried by majority vote in open, public session, the Board shall now enter closed session to consider litigation, pursuant to KRS 61.810(1)(c), because of the necessity of protecting the confidentiality of the Systems' litigation strategy and preserving any available attorney-client privilege.

All public attendees exited the meeting.

There being no further business, the meeting adjourned at 12:38 a.m. to meet on November 13, 2017 or upon the call of the Interim Executive Director or the Chair of the Board of Trustees.

Copies of all documents presented are incorporated as part of the Minutes of the Board of Trustees as of September 14, 2017.

The remainder of this page is intentionally blank.

CERTIFICATION

I do certify that I was present at this meeting, and I have recorded the above actions of the Directors on the various items considered by it at this meeting. Further, I certify that all requirements of KRS 61.805-61.850 were met in conjunction with this meeting.



Recording Secretary

We, the Chair of the Board of Directors of the Kentucky Retirement Systems and Executive Director of the Kentucky Retirement Systems, do certify that the Minutes of Meeting Number 412, held on September 14, 2017, were approved on November 13, 2017.


Chair of the Board of Directors


Interim Executive Director

I have reviewed the Minutes of the September 14, 2017 Annual Board of Trustees Meeting for content, form, and legality.


Executive Director
Office of Legal Services